

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 05446 030641Z

12

ACTION NEA-16

INFO OCT-01 ARA-16 EUR-25 EA-11 ISO-00 FEA-02 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

PA-04 PRS-01 USIA-15 DRC-01 /217 W

----- 120117

R 021210Z JUL 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7158

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

C O N F I D E N T I A L TEHRAN 5446

KUWAIT PASS DOHA

E.O. 11652: N/A

TAGS: ENRG, IR

SUBJ: MINECON AND FIN LETTER TO CONSORTIUM ON ROYALTY INCREASE

REF: TEHRAN 5237

1. FOLLOWING LETTER ADDRESSED TO CONSORTIUM MEMBERS, C/O MR. R.W. VARIAN, CONSORTIUM REPRESENTATIVE IN IRAN:

"THIS IS TO INFORM YOU THAT XL MEETING OF OPEC CONFERENCE CONVENED IN QUITO FROM 15TH TO 17TH JUNE, 1974, DEALT, INTER ALIA, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 05446 030641Z

WITH A REPORT PREPARED BY THE ECONOMIC OMMISSION BOARD AND TOOK

NOTE OF THE CONTINUOUS HIGH RATE OF INFLATION IN THE INDUSTRIALIZED COUNTRIES RESULTING IN THE DETERIORATION OF THE PURCHASING POWER OF THE OIL REVENUE IN MEMBER COUNTRIES.

"ALTHOUGH THE REPORT OF THE ECONOMIC COMMISSION BOARD MADE REFERENCE TO THE EXCESSIVE PROFIT EARNED BY THE INTERNATIONAL MAJOR COMPANIES AND ALSO ILLUSTRATED THE FACT THAT THE INDUSTRIALIZED COUNTRIES HAD, DURING THE FIRST SIX MONTHS OF 1974, FAILED TO CONTAIN THE ALARMING TREND OF INFLATION WHILE THE LEVEL OF POSTED PRICES WAS KEPT CONSTANT BY THE OPEC MEMBER COUNTRIES, NEVERTHELESS THE CONFERENCE DECIDED TO REFRAIN FROM INCREASING THE POSTED PRICES FOR THE THIRD QUARTER OF THE YEAR ALLOWING THE GOVERNMENTS OF THE INDUSTRIALIZED COUNTRIES ANOTHER OPPORTUNITY TO ADOPT THE NECESSARY MEASURES IN THESE RESPECTS, AND TO URGE THEM TO FULFILL THEIR PART OF THEIR RESPONSIBILITIES AS INDICATED ABOVE.

"THE CONFERENCE FURTHER TOOK NOTE OF THE FACT THAT THERE IS DISPARITY IN THE RATE OF ROYALTY AMONGST MEMBER COUNTRIES; THEREFORE, IN THE INTEREST OF UNIFORMITY AND AS A FIRST STEP TOWARDS THIS AIM THE MEMBER COUNTRIES DECIDED TO INCREASE THE RATE OF ROYALTY BY 2 PERCENT, EFFECTIVE AS OF 1ST JULY, 1974. HENCE YOU ARE REQUIRED TO TAKE NOTE OF THIS DECISION IN YOUR ROYALTY PAYMENTS AS FROM JULY FIRST 1974. YOURS TRULY, (SIGNED) HUSHANG ANSARY, MINISTER OF ECONOMIC AFFAIRS AND FINANCE."

2. AS NOTED PARA 2 REFTTEL, THIS IS "LOOSELY-WORDED LETTER," WHICH FOR MOMENT TOSSES BALL INTO COMPANIES' LAP.
HELMS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, ROYALTIES, PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TEHRAN05446
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D740176-0210
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740779/aaaacpwp.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: TEHRAN 5237
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by boyleja>; APPROVED <20 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINECON AND FIN LETTER TO CONSORTIUM ON ROYALTY INCREASE
TAGS: ENRG, IR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005